



NOTICE OF VIOLATION

September 18, 2019

11183020-11183022

VIA EMAIL

Mr. Timothy Parker, Agent
AllenCo Energy, Inc. (A1240)
2109 Gundry Avenue
Signal Hill, CA 90755-3517
tparker@allencoca.com

Dear Mr. Parker:

LEAKING WELLS, ST. JAMES LEASE, LAS CIENEGAS FIELD

On September 13, 2019, Division of Oil, Gas, and Geothermal Resources (DOGGR) Engineer Eric Zimny identified a gas leak on well "St. James" 10 during a routine inspection of all wells at the St. James oil and gas facility. Between Friday, September 13, 2019, and Wednesday, September 18, 2019, AllenCo Energy, Inc. (AllenCo) facility supervisor Tim Parker made multiple attempts to repair the leak, including removing the leaking component and replacing it with a "bull plug". On September 18, 2019, a subsequent inspection by DOGGR and Southern California Air Quality Management District (SCAQMD) inspection staff, utilizing SCAQMD instruments, detected a gas leak on the same well. During the same inspection, DOGGR and SCAQMD inspection staff, utilizing SCAQMD instruments, detected additional gas leaks at wells "St. James" 4 and "St. James" 8.

Based on the above, AllenCo is in violation of California Code of Regulations, title 14 (CCR), section 1777 (a) which states "[o]perators shall maintain production facilities in good condition and in a manner to prevent leakage or corrosion and to safeguard life, health, property, and natural resources...", CCR section 1724.10 (f), which states "[a]ll injection piping, valves, and facilities shall meet or exceed design standards for the maximum allowable injection pressure or the maximum pressure the equipment will be subjected to, and shall be maintained in a safe and leak-free condition..." and CCR section 1722 (a), which states "[a]ll operations shall be conducted in accordance with good oilfield practice."

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The deteriorating condition of the wells as evidenced by increasing gas leakage at the St. James facility along with sustained high surface wellhead pressures indicates an immediate need initiate well killing operations which should include filling all 21 wells with suitable kill fluid. The kill fluid shall provide corrosion inhibiting characteristics and possess the necessary properties to maintain a balance of oil and gas formation pressures while maintaining zero (0) psig pressure at the wellheads.

AllenCo shall immediately begin taking steps to prepare for well killing operations including developing a plan for those operations. The plan should include placing kill fluid in each well to reduce wellhead pressures. The plan shall be submitted to DOGGR for approval as soon as possible but no later than 5 PM, Friday, September 20, 2019. AllenCo is expected to continue such operations until surface pressures have been reduced to zero (0) psig and all wells have been rendered safe. AllenCo shall also continue to maintain each well in a leak-free condition and replace kill fluid as necessary to maintain zero (0) psig at all wellheads.

Failure to comply may result in enforcement actions including, but not limited to, issuance of an order and/or civil penalty pursuant to Public Resources Code sections 3224 and 3236.5.

If you have any questions, please contact Chris McCullough at (562) 637-4400 or chris.mccullough@conservation.ca.gov.

Sincerely,



Daniel Dudak
District Deputy

cc: Uduak-Joe Ntuk, Los Angeles Petroleum Administrator
uduak.ntuck@lacity.org

Jessica Brown, Deputy City Attorney
jessica.brown@lacity.org